

The Financial Times of Indiana

Balanced budget news from the office of Governor Frank O'Bannon

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The News in brief.....

On January 7, the Indiana General Assembly will convene the 2002 legislative session. In two short months, many issues will be considered. However, few have become more ominous throughout 2001 than the state of Indiana's finances.

The Balanced Budget Plan and the 21st Century Tax Plan proposed by Governor O'Bannon and Lieutenant Governor Kernan go to great lengths in offering solutions to our state's crisis.

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How to Contact the General Assembly

To contact your legislators, call:

House: 1-800-382-9841, or

Senate: 1-800-382-9467, or visit the General Assembly online at:

<http://www.in.gov/legislative/about/>

Indiana: 2001 Year in Review

January 17 Governor Frank O'Bannon delivers the annual State of the State Address, outlining many accomplishments and the financial situation facing the state. <u>Read or listen to the 2001 State of the State address at:</u> http://www.in.gov/gov/state/index.html	April 16 Following a revenue forecast predicting the state to be \$293 million short for the end of FY 2001 and the next budget cycle, Governor O'Bannon announces his proposal to the legislature for a balanced budget. <i>"We must meet the challenges of this budget without slowing the progress of our public schools. I am proposing a budget that will allow us to deal with declining revenues while meeting our most important obligations."</i> - Governor Frank O'Bannon	April 29 The Indiana General Assembly passes the nearly \$10 Billion per year state budget for 2002-2003. <u>Learn more about the state budget at:</u> http://www.in.gov/sba/stateinformation/	May 11 Governor O'Bannon allows the state budget to become law without his signature, citing the necessity "to keep our State on a sound, conservative and prudent financial footing." At the same time , the Governor vetoes five bills passed by the legislature due to various fiscal impacts the bills would have on state finances.
June 20 The Indiana Supreme Court upholds the decision on the Day case, ruling in favor of expanding to certain persons with disabilities. This decision is estimated to cost more than \$100 million in Medicaid during the 2002-2003 biennium.	July 11 Governor O'Bannon announces that for the first time since 1980, Indiana has experienced a full year of negative revenue growth. The state ended the 2002-2003 budget cycle \$107 million short of revenue projections. The Governor orders state agencies to cut spending by 7%. <u>Read the News Release at:</u> http://www.ai.org/serv/presscal?PF=gov&Clist=4&Elist=37822	September 10 With revenues coming in below expectations for the second month in a row, coupled with a continuing economic slowdown, Governor O'Bannon orders a strategic hiring freeze in all state agencies, as well as saving \$167 million by freezing state capital projects.	September 11 Terrorists attack the United States, killing thousands, undermining Americans' sense of security and deepening the national recession. Indiana feels the effects when airline and other aviation industry workers are laid off and tax revenues decline.
October 18 Governor O'Bannon and Lieutenant Governor Kernan introduce the 21 st Century Tax Plan. The plan, a comprehensive response to court-ordered property assessment, significantly mitigates the tax increases homeowners would experience – an average of 33% - if no action were taken.	November 15 Governor O'Bannon addresses Hoosiers on statewide television to explain the state's fiscal crisis and offer his proposal to solve it. His Balanced Budget Plan calls for spending cuts of more than \$700 million and revenue enhancements to balance the budget by June 30, 2003. Failing to address the crisis, O'Bannon says, threatens public schools and other vital government services.	December 11 For the eleventh time this year, the Federal Reserve Board cuts interest rates. Economists predict national unemployment rates will continue to rise. <u>Read more about it at:</u> http://www.bloomberg.com (Subheading: FedWatch) Article: "U.S. Economy: Fed Unlikely to Chase Jobless-Rate Rises" <i>Source: Bloomberg.com</i>	December 20 Governor O'Bannon seeks nearly \$10 million in federal assistance for laid-off airline, steel and manufacturing workers and pledges the state's support to do all it can for workers who have been victimized by the national recession. <u>Read the News Release at:</u> http://www.ai.org/serv/presscal?PF=gov&Clist=4&Elist=43422

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More reasons why Indiana cannot wait for tax restructuring.....

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